

Distributed Generation Discussion Highlights

From the Stakeholder Workshops Conducted by the IPA

The Illinois Power Agency (IPA) will consider the following points, made by one or more meeting participants, in the development of a distributed generation procurement proposal to be included in its 2013 Procurement Plan. The IPA appreciates the open and inclusive discussion and thanks the participants for candidly sharing their views.

February 24, 2012

1. General parameters for the Illinois DG program are laid out in PA 97-0616.
2. No desire to regulate or certify aggregators, as the ICC does with agents, brokers or consultants (A,B,Cs), so long as they meet the financial/credit worthiness/technical qualifications of the REC procurements process.
3. A ten-year term seems preferable from a project developer/aggregator/end use customer standpoint. (See also comments of Green Way Energy LLC on the IPA web site.)
4. Electric commodity value is realized through net metering, where generator is essentially paid retail rates, as opposed to wholesale market value, for generation.
5. Conduct the procurement as a category of the normal REC procurement process conducted by the Procurement Administrators.
6. Establish a separate set of DG benchmarks in addition to the wind, solar and other benchmarks to fairly include all categories of RECs.
7. Use the Alternate Compliance Payment Fund, to the extent it is available, or its successors, to mitigate migration risk, given the long term nature of the contracts.

April 2, 2012

1. Keep transactions costs low.
 - a. Self-certification of REC output, subject to audit and verification, seems preferable to GATS, M-RETS or NARR registries. However, there are questions on how the ICC or utilities can reliably obtain verification.
 - b. OK to measure REC output at the inverter rather than a utility-grade meter.
 - c. If (a) and (b) are accepted, no need for aggregator to assume MDMA responsibility with the RTO.
 - d. Entity like SREC Trade (a commercial company) that requires homeowner data report each month may facilitate a transparent market.

This list is not necessarily the position of the IPA, but a summary of the comments submitted at the workshops. In order to encourage free and open discussion, attendees acknowledge that these workshops will be conducted in the manner of settlement discussions – you are agreeing that statements made, positions taken, and documents and papers provided are in the nature of settlement discussions and will not be used by or against any workshop participant in any litigation, including administrative proceedings before the ICC, FERC or other federal, state or local government authorities.

- e. Use a simple, straightforward and standard contract between the homeowner/business and the aggregator. Include condition that a homeowner/business may only sell a REC, or a portion of a REC, once.
 - f. Allow for some flexibility in delivery to minimize need for collateral.
 - g. Base 1 MW minimum on aggregation group on nameplate for simplicity.
2. Keep the process and procurement program transparent.
 - a. Require aggregators to register with the IPA. List approved (who approves? What standards?) aggregators on the IPA website, much like ARES are listed on the ICC website. Will help system owners to find an aggregator. No IPA endorsement of any particular aggregator.
 - b. Participants suggested that the IPA post standard customer/aggregator contract forms on the IPA website.
3. There is a distinction in costs between the <25 kW segment and the 25 kW-2 MW segment, as well as distinct procurement targets, so that two separate procurement categories may be appropriate.
4. Can the <25 kW systems be price takers based on adjusted results for competitive bids from larger systems?
 - a. Homeowners need to know price upfront.
 - b. Getting the scalar or multiplier right is key. (see AZ, CA and MA processes)
5. Experience with project financing by developers in other states suggests that while leasing equipment to a homeowner rather than selling it to him/her may make more sense, a PPA model that accomplishes the same cash flow is preferable from a tax standpoint. Developers do not want to become an ARES. May require revisiting ARES rules, or creating an exception for PPAs associated with DG financing structures.
6. Clarify the legal responsibilities associated with an aggregator. The utilities execute contracts with aggregators. The aggregators execute contracts with homeowners/businesses. Is an aggregator a broker (in a common usage sense, rather than an ABC regulated pursuant to Section 16-115D of the Public Utilities Act)?
7. The length of the contract between the homeowner and the aggregator may not match up to the contract between the aggregator and the utility.
8. Solicit interest from a wide range of 3rd party organizations to be aggregators (much like the Part 1 process of previous Illinois procurements, but may require more aggressive outreach).

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